

THIS IS A NEW SPECIFICATION



**ADVANCED SUBSIDIARY GCE**

**ACCOUNTING**

Accounting Principles

**RESOURCE BOOKLET**

**To be given to candidates at the start of the examination**

**F011/RB**

**Tuesday 2 June 2009**

**Morning**

**Duration: 1 hour**



**INSTRUCTIONS TO CANDIDATES**

- The information required to answer questions 1–2 is contained within this Resource Booklet.
- Do not hand this Resource Booklet in at the end of the examination. It is not needed by the Examiner.

**INFORMATION FOR CANDIDATES**

- This document consists of 4 pages. Any blank pages are indicated.

- 1\* Paula Redwood, a sole trader, prepared the following Trial Balance from her accounts on 30 April 2009.

|  | Dr      | Cr      |
|--|---------|---------|
|  | £       | £       |
| Rent   | 4 000   |         |
| General expenses                             | 6 000   |         |
| Insurance                                    | 3 300   |         |
| Salaries                                     | 14 000  |         |
| Electricity                                  | 2 000   |         |
| Capital                                      |         | 44 000  |
| Motor expenses                               | 4 900   |         |
| Bad debts                                    | 200     |         |
| Drawings                                     | 6 000   |         |
| Debtors                                      | 6 200   |         |
| Creditors                                    |         | 3 800   |
| Bank   | 2 600   |         |
| Stock  | 3 600   |         |
| 10% Loan                                     |         | 15 000  |
| Loan interest                                | 1 250   |         |
| Carriage outwards                            | 700     |         |
| Commission received                          |         | 730     |
| Purchases                                    | 56 000  |         |
| Sales  |         | 108 000 |
| Purchases returns                            |         | 2 500   |
| Sales returns                                | 4 800   |         |
| Discounts allowed                            | 600     |         |
| Discounts received                           |         | 400     |
| Provision for doubtful debts                 |         | 520     |
| Equipment                                    | 48 000  |         |
| Provision for depreciation of equipment      |         | 14 400  |
| Motor vehicles                               | 36 000  |         |
| Provision for depreciation of motor vehicles |         | 10 800  |
|  | 200 150 | 200 150 |

The following information is also available.

- (i) The closing stock as at 30 April 2009 was valued at £4 200.
- (ii) Included in the general expenses is an item of equipment purchased during the year for £1 200. This item has not yet been included in the equipment account.
- (iii) A cheque for £800 received from a debtor has not yet been entered in the accounts.
- (iv) At 30 April 2009, loan interest owing amounted to £250; electricity owing was £380; whilst insurance was prepaid by £460.
- (v) During the year Paula Redwood had withdrawn, for her personal use, goods costing £1 800. This has not been recorded in the accounts.
- (vi) Commission receivable of £150 was owing to Paula Redwood at 30 April 2009.

- (vii) The provision for doubtful debts is to be provided for a specific debt of £200, plus 2% of the remaining debtors.
- (viii) One half of the 10% loan is repayable during the year ending 30 April 2010, and the balance after that date.
- (ix) Depreciation is to be provided as follows:
- |                |   |
|----------------|---|
| Equipment      | 10% per annum on cost using the straight line method. A full year's depreciation is provided on all office equipment held on 30 April 2009, regardless of the date of purchase. |
| Motor vehicles | 25% by the reducing balance method. There were no additions or disposals during the year.   |

**REQUIRED**

The Trading and Profit and Loss Account of Paula Redwood for the year ended 30 April 2009 and the Balance Sheet as at 30 April 2009. **[47]**

**Total marks [47]**

- 2 Raymond Bow prepared the following aged debtors schedule for his business on 31 March 2009.

| Debtor       | Amount due<br>£ | 1 month<br>£  | 2 months<br>£ | 3 months<br>£ | 4-6 months<br>£ | Over 6 months<br>£ |
|--------------|-----------------|---------------|---------------|---------------|-----------------|--------------------|
| Peter White  | 2 500           | 2 200         | 300           |               |                 |                    |
| Janet Black  | 5 400           | 3 300         | 1 400         | 700           |                 |                    |
| John Green   | 5 880           | 1 600         | 1 880         | 1 800         | 600             |                    |
| Susan Yellow | 160             |               |               |               |                 | 160                |
| Sunil Orange | 2 620           | 1 000         | 620           | 500           | 500             |                    |
| Jose Violet  | 300             |               |               |               | 90              | 210                |
| Bret Purple  | 190             |               |               |               | 150             | 40                 |
| Carlos Blue  | 4 680           | 2 000         | 1 800         | 800           |                 | 80                 |
|              | <u>21 730</u>   | <u>10 100</u> | <u>6 000</u>  | <u>3 800</u>  | <u>1 340</u>    | <u>490</u>         |

The provision for doubtful debts as at 1 April 2008 was £1 890.

Jose Violet has recently been declared bankrupt. Raymond Bow has received payment of £0.25 in the £ in final settlement of the debt. The final settlement has not yet been processed through the accounts. The remainder of the amount due is to be treated as a bad debt.

Raymond Bow's policy for dealing with outstanding debtors is to:

- (i) write off as bad debts all amounts outstanding for more than six months;
- (ii) write off as bad debts all amounts under £200 outstanding for between four to six months;
- (iii) make specific provisions for all the other debts outstanding for between four to six months;
- (iv) make a general provision of 3% on all the remaining outstanding debts.

**REQUIRED**

- (a) Prepare the following ledger accounts of Raymond Bow for the year ended 31 March 2009, showing where appropriate the closing entry to the final accounts at the end of the year.
- (i) Jose Violet. [3]
  - (ii) Bret Purple. [2]
  - (iii) Bad Debts. [6]
  - (iv) Provision for Doubtful Debts. [4]
- (b) The Profit and Loss Account extract for Bad Debts and Provision for Doubtful Debts for the year ended 31 March 2009. [2]
- (c) The Balance Sheet extract for Debtors as at 31 March 2009. [2]
- (d)\* Discuss the reasons why a business needs to monitor and control its debtors. [10]
- (e) Explain **two** factors used in determining the provision for doubtful debts. [4]

**Total marks [33]****Copyright Information**

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations, is given to all schools that receive assessment material and is freely available to download from our public website ([www.ocr.org.uk](http://www.ocr.org.uk)) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1PB.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.